

Message Text

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17

ACTION XMB-04

INFO OCT-01 EUR-12 EA-06 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-05 NSAE-00 RSC-01 TRSE-00 OPIC-03

SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01

USIA-06 /062 W

----- 058502

R 030132Z DEC 74

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 5500

INFO AMCONSUL SURAAAYA

AMCONSUL MEDAN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

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E.O. 11652: N/A

TAGS: ETEL, BTIO, ID

SUBJ: INDONESIAN DOMESTIC SATELLITE PROJECT DEVELOPMENTS

REF: STATE 245354

1. REFTEL REPORTED ISSUANCE PC FOR EXIM FINANCING
OF SPACE PORTION AND GROUND STATIONS OF PROPOSED
DOMESTIC SATELLITE PROJECT FOR INDONESIA. AS DEPARTMENT
AND OTHER ADDRESSEES MAY BE AWARE JAKARTA
HAS BEEN INUNDATED BY VISITS FROM REPRESENTATIVES
OF MAJOR AND LESS WELL KNOWN US, JAPANESE AND
EUROPEAN FIRMS SEEKING OPPORTUNITIES TO PARTICIPATE
IN SUBJECT PROJECT. IT HAS ALWAYS BEEN ASSUMED THAT
HUGHES WOULD SUPPLY TWO SATELLITES (ONE OPERATIONAL,
ONE STANDBY) AND POSSIBLY, IF ASKED BY GOI, ONE OR
TWO OF THE PROPOSED FIFTY GROUND STATIONS PLUS
TECHNICAL SUPERVISION (IF ASKED) OF CONSTRUCTION
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OF THE REMAINDER. IT WAS ALSO WIDELY BELIEVED THAT

SIEMENS WOULD AUTOMATICALLY PROVIDE SWITCHING FOR AN INITIAL 260,000 TELEPHONE AND TELEX LINES UTILIZING SATELLITE SYSTEM. FURTHERMORE IT WAS KNOWN THAT SIEMENS HAD SIGNED CONTRACT WITH PERUMTEL (GO'S TELECOMMUNICATIONS AGENCY) TO PROVIDE SWITCHING, SUBJECT TO PROVISION OF FINANCING ON SATISFACTORY TERMS. DRESDENER BANK AND COMMERZBANK HEADED CONSORTIUM OF GERMAN BANKS WHICH MADE FINANCING OFFER.

2. THREE WEEKS AGO EMBASSY BEGAN HEARING REPORTS THAT GERMAN FINANCING PROPOSAL MIGHT BE UNACCEPTABLE TO GOI DEPARTMENT OF FINANCE AND CENTRAL BANK AND THAT DESPITE LONGSTANDING CLOSE RELATIONSHIP BETWEEN PERUMTEL AND SIEMENS IT WAS POSSIBLE THAT OTHER SUPPLIERS OF SWITCHING EQUIPMENT, IF THEY COULD PROVIDE SATISFACTORY FINANCING, MIGHT BE ABLE TO BREAK WHAT HAS BEEN TO ALL INTENTS A SIEMENS MONOPOLY. DRESDENER BANK PROPOSAL DEADLINE WAS NOVEMBER 18 AND PROPOSAL WAS NOT RPT NOT ACCEPTED BY THAT DATE.

3. EMBASSY HAS ALSO BEEN ABLE CONFIRM RUMORS THAT DURING STATE VISIT OF BELGIAN ROYAL FAMILY A TIED OFFER TO FINANCE SWITCHING PORTION OF SATELLITE PROJECT, ON VERY CONCESSIONAL TERMS, WAS PRESENTED TO GOI. SALEH AFIFF, BAPPENAS (STATE PLANNING ORGANIZATION) DEPUTY FOR MATERIAL DEVELOPMENT AND INFRASTRUCTURE TOLD EMBOFFS NOV 29 THAT FORMAL OFFER FOR BELGIAN FINANCING HAS BEEN RECEIVED FROM ITT OF BELGIUM. IT HAD BEEN PREVIOUSLY RUMORED THAT BELL MANUFACTURING OF BELGIM (WHOLLY OWNED ITT SUBSIDIARY) WOULD BE BELGIAN SOURCE OF EQUIPMENT. EMBASSY HAS ALSO HAD REPORT THAT SENIOR OFFICIAL OF PHILIPS RALIN ELECTRONICS (PHILIPS OF NETHERLANDS' INDONESIAN JOINT VENTURE MANUFACTURING ELECTRONIC, ELECTRICAL AND CONSUMER PRODUCTS) IS CURRENTLY IN NETHERLANDS SEEKING TO ARRANGE FINANCING OF SWITCHING PORTION.

4. SALEH AFIFF ALSO COMMENTED TO EMBOFFS THAT IT WAS LIKELY THAT HE AND ALI WARDHANA, MINISTER OF FINANCE, WOULD BE VISITING WASHINGTON IN NEAR FUTURE FOLLOWING LIMITED OFFICIAL USE

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MEETINGS IN PARIS. AFIFF SAID THAT BAPPENAS AND DEPARTMENT OF FINANCE BELIEVE IT IS MORE EXPEDIENT TO BE ON SCENE TO ANSWER QUESTIONS THAT EXIM MAY POSE ON VARIOUS PENDING APPLICATIONS AND TO SPECIFICALLY REVIEW SEVENTEEN TERMS AND CONDITIONS NOTED UNDER H IN PC FOR DOMSAT PROJECT. TOUSSAINT

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Draft Date: 03 DEC 1974
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Disposition Date: 28 MAY 2004
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